REMARKS

1. Substance of the Interview with the Examiner

Applicant would note that a personal interview between Applicant, Applicant's attorney, the Examiner and the Examiner's supervisor was held on 15 April 2004. Applicant thanks the Examiner for the time and attention spent with the Applicant and his attorney to understand the issues the Examiner has with this pending application. The changes made to the claims in this Amendment are those agreed upon in the interview, and are intended to overcome the objections of the Examiner made in the Office Action dated February 10, 2004 so as to allow the Application to move to issue.

Applicant and Applicant's attorney explained to the Examiner the nature of their invention, and how it differed from other products known in the prior art. The present invention relates to transactions where there are at least three (3) separate entities involved: investors, an investment entity, and the original owner of the patent. In the present invention, title to the patent is transferred from the original owner in exchange for a determined value assessed for the patent using one or more methodologies. The investment entity obtains money for the purchase of the patent from at least two investor's accounts. The invention is then licensed back to the original owner and/or a third party in exchange for future payments. As these payments are received by the investment entity, the funds are allocated among the investor accounts from which the original purchase money was acquired.

It was explained how the invention differs from other types of transactions, such as venture capital investments or bank loans given in exchange for a security interest in a patent. A venture capitalist provides money to a company to develop an invention or technology, and in return typically acquires an ownership interest in the company. In the transaction of the present invention, neither the investment entity nor the investors acquire any interest in the company that originally owned the technology. Similarly, a bank will loan money to the original owner of the patent, using a patent as a security interest. The original owner of the patent is to repay the loan to the bank, with interest, and if the original owner defaults on the loan, the bank may seek to invoke its security interest in the patent and acquire title to it in exchange for the amount of the loan not repaid. In the present invention, the investment entity is paying the original ownership a predetermined amount of money in order to acquire title to the patent.

The Examiners, Applicant and Applicant's attorney discussed US Patent No. 5,126,936 to Champion, et. al ("Champion"). Applicant's attorney explained the difference between the present invention and Champion. In Champion, the investors invest their money in products owned by various third parties, such as mutual funds. In the present invention, the investment entity typically takes title to the patent from the original owner in exchange for payment to the original owner of funds obtained from investor accounts, and then licenses at the patented technology to at least the original owner for an agreed-upon monetary return that is in turn allocated to the investors. No place in Champion is any mention made or implied of patents or intellectual properties as forming the basis for financial investments. This is because,

traditionally, such items were considered too difficult to appraise and assign a value to, and therefore there was too much uncertainty associated with intellectual property assets to incorporate them into investment vehicles. Because Champion only addresses a system used by an account management service to manage investor funds, whereas the present invention addresses a system used by an investment entity to determine the value of a patent, acquire title to the patent in exchange for a monetary amount related to the determined value of the patent, license the patent, and allocate licensing royalties amongst investors from whom the monetary amount used to purchase the patent was obtained in a ratio related to the portion of the monetary amount obtained from that investor, Champion neither discloses nor suggests the present invention.

In considering what the Examiner viewed as necessary for independent claim 1 of the application for the present invention to be distinguishable from the prior art, the Examiner and Applicant's attorney reviewed the application in light of the prior art. It was agreed that adding language to clearly indicate the elements of the claim performed by each of the 3 parties to the transaction would differentiate the invention from the prior art. The Examiner also indicated that language should be added to clearly indicate that the data processing method and databases referenced therein were "electronic." Agreement was reached between the Examiners, Applicant and Applicant's attorney that these amendments would be acceptable to both parties, and the Examiner indicated that incorporation of these amendments would place the application in condition for allowance.

Accordingly, Applicant's attorney submits this Substance of the Interview with amendments to claims 1-3 incorporating the limitations agreed upon during the interview, and also incorporates herein a response to the Office Action mailed 2/10/2004, which was not considered by the Examiner previously, and therefore the Office Action is believed to still be outstanding, although the changes agreed upon in the interview are believed to overcome the objections made therein by the Examiner.

2. Response to Office Action

Applicant amended the claims to clarify the scope of the claimed invention. All revised wording is supported by the specification as originally filed; no new material has been added to the claims that was not disclosed in the specification. The Office Action dated February 10, 2004 has been carefully studied. For the reasons set forth below, Applicant believes the claims as amended are patentable over the prior art cited.

Rejections Under 35 U.S.C. § 101

The Examiner has rejected claims 1-3 under 35 U.S.C. §101 as being directed to non-statutory subject matter. For clarification, claims 1-3 have been amended to clarify that the claimed invention is an electronic data processing method for facilitating a business transaction. Additionally, those steps utilizing an electronic database have also been clarified. Applicant believes these amendments, as agreed upon at the Interview, fully address the examiner's rejections under §101, and that all the claims now meet the requirements of 35 U.S.C. §101, and *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

Rejections Under 35 U.S.C. § 103(a)

The Examiner has rejected claims 1-3 under 35 U.S.C. §103(a) as being unpatentable over US Patent No. 5,126,936 to Champion in view of US Patent 6,018,714 to Risen (hereinafter "Risen"), and further in view of US patent 5,999,907 to Donner (hereinafter "Donner"). Applicant respectfully traverses this rejection and believes the amended claims of the present invention are clearly distinguishable from and patentable over the cited references, as discussed during the interview, and as explained below.

The invention of the present application was differentiated from Champion at the interview, and as explained above. Nothing in the patent of Risen, alone or in combination with Champion, suggests or implies the invention of the present application. Risen is an invention for providing insurance against an unexpected change in value of a patent. Risen is for use in situations where a company is acquiring another company, or investing money in another company, and the acquiring company wants insurance to protect against valuation errors made when the value of what is being acquired was performed. It is because of the difficulty of determining an accurate value for an intellectual property that Risen provides insurance against a change in predicted value of the intellectual property. Additionally, Risen discloses a transaction between two parties, the seller and the purchaser, with the purchaser acquiring insurance against an unforeseen change in value of the patents they purchased. In the present invention, the purchaser is acquiring money for the purchase from a third party, the investors, and licensing the patented technology back to at least the seller in exchange for future monetary payments, which are dispersed amongst the investors when received. Nothing in Risen, which discloses a

purchase transaction between two parties with the addition of the purchasing party acquiring insurance suggests or implies the buyer of a patent granting the right to use the patent back to the seller of the patent in exchange for a future monetary stream. Additionally, Risen actually teaches away from the invention of the present application by compensating for the lack of an accurate method of assessment by providing insurance to protect against inaccuracies in predicting the value of a patent.

Donner discloses an invention for use in performing an audit or assessment of the value of an intellectual property portfolio. The invention of Donner would be used by a company seeking to determine the value of its patents, or in conjunction with the invention of Risen when a company is seeking to acquire the patent portfolio of another company and needs to have an accounting performed to determine the value of what it is seeking to acquire. Additionally, Donner discloses a transaction between two parties, the seller and the purchaser, with the purchaser acquiring insurance against an unforeseen change in value of the patents they purchased. In the present invention, the purchaser is acquiring money for the purchase from a third party, the investors, and licensing the patented technology back to at least the seller in exchange for future monetary payments, which are dispersed amongst the investors when received. Nothing in Donner, which discloses a purchase transaction between two parties, alone or in combination with Champion and/or Risen, suggests or implies the invention of the present application, with three parties involved, as described above.

None of the pieces of prior art, alone or in combination, disclose or suggest an investment entity using a computerized method to determine the value of one or more patents, pooling funds from various investors to acquire such patents from the original owner, placing title to the patents in a party other than the original owner, subsequently licensing the patents back to the original owner and/or third parties, collecting funds from the licensee(s), and distributing the funds to the various investors. Therefore, Applicant respectfully submits that the present application provides a new and novel invention that should be granted patent protection.

Applicant has now made an earnest attempt to place this application in condition for allowance, and believes that all requirements agreed upon at the interview have been met with the modifications to the claims made herein. Therefore, Applicant respectfully requests, based on the amendments made, and for the reasons set forth herein, full allowance of Claims 1-3 so that the application may be passed to issue.

Simultaneously with submission of this Office Action Response and Substance of the Interview, an Information Disclosure Statement is being submitted herewith.

A check in the amount of $55.00 for a one month extension of time in filing the response to Office Action is enclosed herewith, along with a Petition for a One Month Extension of Time. Applicant believes that no additional fee for the subject document is required. However, the Commissioner is hereby authorized to charge any fee or credit any overpayment with regard to the filing of the subject Office Action Response and Substance of the Interview to Deposit Account #50-2180 in the name of Paul Storm, P.C.

Respectfully submitted,

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